

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: Original
POSITION: Oppose
SPONSOR: Voters Injured at Work

BILL NUMBER: SB 3
AUTHOR: G. Cedillo

BILL SUMMARY: Workers' Compensation: Permanent Disability Benefits

This bill would provide for a supplemental job displacement voucher (SJDV) to cover various reeducation and skill enhancement expenses, as specified.

FISCAL SUMMARY

The Department of Industrial Relations (DIR) indicates that any costs resulting from this bill would be minor and absorbable within existing resources.

The DIR indicates that because this bill broadens the approved uses of job displacement vouchers, employer costs could increase. However, the increased costs associated with the use of vouchers should be somewhat offset by the fact that injured workers will be retrained and return to work in a shorter period of time.

COMMENTS

The Department of Finance is opposed to this bill because it does not offer a comprehensive solution to help injured workers return to work faster.

In 2007, both AB 1636 (Mendoza) and SB 942 (Migden) were proposed to address concerns with the SJDV program, both bills were vetoed by the Governor and the proponents of the bills were encouraged to work with employers, insurers, and the Division of Workers' Compensation to find a more appropriate solution to help injured workers return to work faster. As a result, the Commission on Health and Safety and Worker's Compensation sponsored several meetings with interested parties to develop a cohesive solution. At this time, a cohesive solution has not been developed.

Currently employees cannot receive supplemental job displacement benefit vouchers until the injury has been found to be permanent and the employee does not return to work 60 days after the termination of temporary disability payments. However, in order for the employer to not be liable for providing supplemental job displacement benefit vouchers, the employer must offer work within 30 days of the termination of temporary disability payments, which may be too soon to know if the employee can return to work and in what capacity, since a determination of permanent disability has likely not yet been made.

Current law:

- Specifies that if an injured worker does not return to work for their employer within 60 days as a result of permanent disability, they will be eligible for a specified level of supplemental job displacement benefits based on their level of permanent disability.

(Continued)

Analyst/Principal (0241) K. Shelton	Date	Program Budget Manager Todd Jerue	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

AUTHOR

AMENDMENT DATE

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Original

SB 3

COMMENTS (continued)

- Specifies that supplemental job displacement benefit vouchers are approved for issuance to an injured worker when their permanent disability rating has been officially determined by the Disability Evaluation Bureau.
- Provides that employers are exempt from providing supplemental job displacement benefit vouchers if, within 30 days of the termination of temporary disability payments, the employer offers and the employee does not accept work, as specified.

This bill:

- Provides, for injuries occurring on or after January 1, 2010, for a supplemental job displacement benefit in the form of a voucher for up to \$6,000 to cover various reeducation and skill enhancement expenses, as specified.
- Provides that the SJDV would expire 2 years after the date the voucher is furnished to the employee or 5 years after the date of injury, whichever is later.
- Exempts employers who make an offer of reemployment or continued employment, as specified, from providing vouchers.
- Requires the administrative director to adopt regulations implementing the program.

		SO	(Fiscal Impact by Fiscal Year)						
Code/Department	LA	(Dollars in Thousands)							
Agency or Revenue	CO	PROP							Fund
Type	RV	98	FC	2008-2009	FC	2009-2010	FC	2010-2011	Code
7350/DIR	SO	No	----- No/Minor Fiscal Impact -----						3031
<u>Fund Code</u>	<u>Title</u>								
3031	Workers' Compensation Return-to-Work Fd								